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**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

ATLANTIC COAST LIFE
INSURANCE COMPANY and
SENTINEL SECURITY LIFE
INSURANCE COMPANY,

Plaintiffs,

v.

A.M. BEST RATING SERVICES, INC.,

Defendant,

Case No. 3:24-cv-05470-ZNQ-RLS

Judge Zahid N. Quraishi
Magistrate Judge Rukhsanah L. Singh

**DECLARATION OF RITA K.
MAXWELL IN SUPPORT OF
A.M. BEST'S RESPONSE IN
OPPOSITION TO PLAINTIFFS'
APPLICATION FOR AN ORDER
TO SHOW CAUSE FOR A
TEMPORARY RESTRAINING
ORDER AND PRELIMINARY
INJUNCTION AND REQUEST FOR
EXPEDITED DISCOVERY**

Pursuant to 28 U.S.C. § 1746, I, Rita K. Maxwell, hereby declare:

1. I am senior counsel with the law firm of Bracewell LLP, counsel for Defendant A.M. Best Rating Services, Inc, in the above-captioned litigation.
2. I am a member of the bar of this Court and the bar of the State of New Jersey.
3. I submit this Declaration in support of Defendant A.M. Best's Response in Opposition to Plaintiffs' Application For An Order To Show Cause For a Temporary Restraining Order and Preliminary Injunction and Request For Expedited Discovery.

4. I have personal knowledge of the matters stated in this declaration.

5. Attached hereto as Exhibit 1 is a true and correct copy of a news article from the New York Times website titled “Everton Sale Stalls Amid Questions About Buyer’s Financials,” made available at <https://www.nytimes.com/2023/10/18/world/europe/everton-sale-777-partners.html> (last accessed Apr. 29, 2024).

6. Attached hereto as Exhibit 2 is a true and correct copy of a news article from the Financial Times website titled “Everton FC Bidder 777’s Funding Struture Starts to Unravel,” made available at <https://www.ft.com/content/d3ad19d8-9e3d-4594-a0f7-b55fa4e12908> (last accessed Apr. 29, 2022).

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 29, 2024.



Rita K. Maxwell

EXHIBIT 1

Everton Sale Stalls Amid Questions About Buyer's Financials

The U.S. firm bidding for the Premier League club, 777 Partners, has failed to provide required information to a British regulator.



By Tariq Panja

Oct. 18, 2023

Want to stay updated on what's happening in the United Kingdom? [Sign up for Your Places: Global Update](#), and we'll send our latest coverage to your inbox.

The proposed sale of the Premier League soccer team Everton F.C. to a Miami-based holding company has stalled because the firm, 777 Partners, has failed to provide audited financial statements to a British government regulator that must approve the deal.

The regulator, the Financial Conduct Authority, delivered its request to 777 Partners this month, according to multiple people with direct knowledge of the approval process, who spoke on the condition of anonymity because they were not authorized to discuss it publicly. If the company does not provide the requested financials or an acceptable explanation, its proposed takeover of Everton — a deal involving hundreds of millions of dollars in assumed debt and a coveted place in the world's richest soccer league — could fall apart.

The missing documents are the most significant complication to date in the effort by 777 Partners to add Everton to the collection of high-profile but financially troubled teams it has acquired over the past two years.

A failure to close the deal could have severe consequences for the financial viability of Everton, a founding member of the Premier League saddled with the ongoing costs of a half-built new stadium, more than \$500 million in debt and a projected annual loss of about \$100 million. Everton's finances are so dire that the club requires monthly infusions of millions of dollars, most recently a multimillion-dollar loan from 777 Partners, to keep operating.

"Out of respect for the process, 777 Partners will not be commenting on the ongoing regulatory approval process for its proposed acquisition of Everton F.C.," the company said in a statement.

Everton's current owner, Farhad Moshiri, on Monday dismissed concerns of any holdup or the suitability of 777 Partners as custodian of Everton. "They are highly professional and deliver exactly when they say they will, and I look forward to them achieving all their regulatory approvals and proceeding to completion on the timetable we set," he told Sky Sports News.

When it announced in September that it had reached a deal for a controlling interest in Everton, 777 Partners said it hoped to complete its takeover by the end of the year. That timeline now seems questionable.

For the sale to be approved, 777 Partners must convince not only the Financial Conduct Authority but also the Premier League and England's Football Association that it would be what they classify as a "fit and proper" steward of the 145-year-old club.

But according to multiple people familiar with the process and a review of documents related to it, those bodies are unsatisfied with the financial statements that have been provided. In particular, they are uneasy about the failure of 777 Partners to provide up-to-date audited financial records for a holding company whose subsidiaries include not only well-known soccer teams in Belgium, Brazil, Germany and France but also investments in structured finance, insurance, media and airplane leasing.



Wearing caps, Steven Pasko, left, and Josh Wander, the owners of 777 Partners, attended an Everton match last month. Peter Byrne/PA Images, via Getty Images

The audited records are not the only hurdle to approval of an Everton sale. The authorities are also asking the firm, run by its owners, Josh Wander and Steve Pasko, to provide details of the source of the funds behind the acquisition.

The questions mirror concerns that the Belgian soccer authorities raised last year as they considered whether to grant a license to another one of the company's teams, Standard Liège. In those discussions, 777 Partners told the Belgian soccer federation's licensing committee that it could not provide the firm's most recently audited accounts — a routine requirement in any assessment of the suitability and solidity of the businesses financing teams in the country's top league.

Eventually, the prospect of tossing one of Belgian soccer's biggest teams out of the league was deemed unacceptable by the committee, and a compromise was found. Now, 777 Partners finds itself in the same position, and the clock is ticking again.

While 777 Partners is focusing on completing its purchase of Everton, current and former employees have questioned its own viability. The company, which has rapidly expanded since it was founded in 2015, continues to miss routine payments to businesses, vendors and partners, including brokers that acted on some of the soccer deals, four people familiar with 777's operations said.

One person said the firm, which Mr. Wander recently claimed had 3,000 employees, has missed payroll on at least two occasions. Current and former employees have also reported that bonus payments, a major component of some executives' compensation, have gone unpaid.

777 Partners said Tuesday that "all contractually guaranteed bonuses have been paid," but acknowledged a different incident this year in which it failed to pay the electric bill for its headquarters, an oversight that a spokesman attributed to a miscommunication.

Should 777 Partners provide a fuller picture of its finances to British regulators, they most likely will find that most of 777's soccer adventures have been funded by a single company, A-Cap. A longtime lender to 777 Partners, A-Cap has the largest exposure to many of 777's businesses, including the soccer investments.

A unit of A-Cap, for example, funded most of a loan of at least \$25 million to Everton after the deal to buy the team was announced, two people familiar with the matter said. At 777 Partners, the reliance on money from A-Cap — loans now totaling at least \$1 billion — has grown so large that 777 Partners is required to regularly update A-Cap executives about continuing business plans, according to people with direct knowledge of the situation.

The relationship between the firms is so enmeshed that last year 777 Partners provided A-Cap with a \$9 million loan to acquire a beachfront apartment in one of Miami's wealthiest neighborhoods. Officials from 777 Partners declined to comment on the arrangement. A-Cap did not respond to an email seeking details of its relationship with 777 Partners.

The questions about 777 Partners’s finances and its soccer ambitions have not appeared to affect its figurehead, Mr. Wander. He was recently elected to the board of European Club Association, an influential grouping of European soccer’s top teams.

That board seat was highlighted in a prospectus produced by 777 Partners to raise even more capital for its soccer business. The group hopes to raise about \$250 million by the end of the year to help finance its purchase of Everton, which, without a new owner or fresh capital, risks bankruptcy.

Tariq Panja covers some of the darker corners of the global sports industry. He is also a co-author of “Football’s Secret Trade,” an exposé on soccer’s multibillion-dollar player trading industry. More about Tariq Panja

A version of this article appears in print on , Section B, Page 8 of the New York edition with the headline: U.S. Firm’s Purchase Of Everton on Hold Over Financial Data

EXHIBIT 2

777 Partners

Everton FC bidder 777’s funding structure starts to unravel

US insurer with extensive links to investment group looks to raise capital and regain control of assets ceded to reinsurer



The deal to acquire Everton Football Club has put 777 in the spotlight, drawing scrutiny from local politicians, journalists, rating agencies and regulators © Rob Newell/CameraSport/Getty Images

Dan McCrum, Samuel Agini and Ian Smith MARCH 12 2024

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A Bermudian financial structure used by the Miami-based bidder for Everton Football Club to funnel money invested for widows and orphans into the sport has begun to unravel.

777 Re, a Bermuda-based reinsurer, has enabled [777 Partners](#) to pursue an ambitious dealmaking spree that has included trophy sporting assets and football clubs from Genoa and Hertha Berlin in Europe to Vasco da Gama in Brazil.

But the reinsurer's ability to further finance the Miami-based firm's deals is under pressure, while creditors to 777 Partners have turned to the courts.

US insurance group A-Cap, a lender to 777, late last month said it would attempt to raise \$400mn in fresh capital and take back control of assets ceded to 777 Re because of credit rating downgrades. Separately, a lawsuit filed in New York last week sought to prevent the transfer of 777 Partners' assets to a co-founder to protect creditors' interests, calling the firm a "house of cards". 777 declined to comment on the court case.

777, which initially made its money in niche areas of finance such as structured settlements, historically flew under the publicity radar.

The deal to acquire Everton, the nine-time champions of England, from British-Iranian Farhad Moshiri has put the group into the spotlight, drawing scrutiny from local politicians, journalists, rating agencies and regulators.

The Premier League has been assessing 777 since September last year, during which time Sir Jim Ratcliffe's purchase of a Manchester United stake was waved through.

777 has not disclosed how it will finance an Everton takeover, but people close to the deal have said 777 Re was not essential to funding the deal. A person close to 777 told the Financial Times in December that an entity called Nutmeg Acquisition would be used in the purchase. Following scrutiny of 777 Re's lending to Nutmeg, people close to 777 insisted that separate financing plans were in place.

777 Partners has lent at least £150mn to Everton, according to several people with knowledge of the matter. A-Cap has also provided direct finance to a number of 777 entities.

The reinsurer was at the heart of 777's "insurance funding model", according to 2021 pitch documents that said 777 Re sat between third party insurers and 777 portfolio companies. People close to 777 said the group and the reinsurer had an "aggressive" investment strategy. In the presentation, 777 said its approach could generate returns on equity of more than 40 per cent, compared with the 10 per cent in the "traditional approach".

Annuities such as those offered by A-Cap are typically backed by low risk investments in liquid securities, because policyholders are often able to redeem funds, subject to penalties. Insurers sometimes “cede” assets and liabilities to reinsurers in order to manage their balance sheets.

AM Best, a rating agency that specialises in insurance, has raised concerns about the quality of assets held by 777 Re, which are invested to support annuity contracts sold by A-Cap and another insurer, Silac. Last month it downgraded the credit ratings of 777 Re and A-Cap, and placed Silac on negative watch.

At the start of last year, half of 777 Re’s \$3bn assets were classified as related party investments, while \$2bn worth were classed as “level 3” assets considered hard to sell or accurately value, according to the most recent accounts available.

A-Cap’s plan to raise capital is a response to the downgrade from AM Best, which centred on concerns about 777 Re’s holdings.

777 Partners co-founder Josh Wander told the Financial Times that he was “not that concerned” about 777 Re, which he said did not need more capital: “The business is overcapitalised.” He added that the entity was reducing its holdings of illiquid assets “even though . . . we have done absolutely nothing wrong”.

One industry expert who had examined 777 Re’s 2022 accounts said of its illiquid assets “in trying to reposition the portfolio it’s unlikely it’ll be able to sell at those valuations”.

A-Cap controls life insurers based in Utah and South Carolina. A-Cap chief executive Kenneth King late last month told insurance agents that AM Best’s downgrade was unwarranted. “I think that there was pressure for [AM Best] to take action, for anybody that had a relationship with 777 Re,” said King. He added: “We don’t agree with their position.”

Michael Wise of the South Carolina insurance regulator said he was aware that his Bermudian counterparts were addressing issues at 777 Re, and that the state continued to “co-ordinate our efforts as necessary” with other US state regulators.

Silac, which has \$10bn in assets and is run by a longtime friend of Donald Trump, did not respond to requests for comment. The Bermuda Monetary Authority declined to comment. The Utah state regulator declined to comment on A-Cap. AM Best declined to comment.

Additional reporting by Josh Noble and James Fontanella-Khan in New York

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